FOR IMMEDIATE RELEASE   CONTACT: Tim Sievers
April 29, 2005   (517) 373-1619

Cassis measure provides relief for low-income workers

LANSING – State Sen. Nancy Cassis, chair of the Senate Finance Committee, has introduced legislation providing a tax credit to help low-income working individuals and families.

The legislation allows a taxpayer to take a credit on their Michigan income taxes equal to 10 percent of the Earned Income Tax Credit claimed on their federal tax return.

"Michigan's working individuals and families are facing difficult times," said Cassis, R-Novi. "This credit will provide much-needed relief, letting people keep more of their hard-earned money for necessities like prescription drugs and gasoline, both of which continue to increase in cost."

To qualify, taxpayers must meet the federal requirements for the EITC and file a federal tax return. The taxpayer could then apply the 10 percent credit to their Michigan income taxes, taking a dollar-for-dollar reduction in their tax obligation. If the credit exceeded the taxpayer's liability, the state would issue a refund.

The legislation is a countermeasure to a proposed minimum wage increase – a proven job killer – and will help people without burdening Michigan's struggling economy.

An increase in the minimum wage could bump many people above the EITC income thresholds, increasing their tax liability, according to Cassis.

"Increasing the minimum wage could have a negative impact on those its supporters say it would help," Cassis said. "Tax liabilities could increase substantially and reduce the number of people eligible for EITC. Furthermore, businesses would be forced to react and could choose either to reduce working hours for employees, or worse, eliminate jobs. Unlike the proposal to increase the minimum wage, this legislation will provide financial relief to those who need it most and keep jobs here in Michigan."

###